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ABSTRACT

Dramatic shifts from cash assistance to work, embodied in the 1996 replacement of Aid to Families with Dependent Children with Temporary Assistance for Needy Families (TANF), highlight the need to understand how current cash assistance recipients participate in required work-related activities and obstacles faced in getting and keeping jobs. The 1997 National Survey of America's Families (NSAF) describes recipient work activity and obstacles during early TANF implementation. A larger proportion of TANF recipients participated in work activities in 1997 than in the past. More than 4 out of 10 reported at least 2 significant work obstacles. As states continue to move TANF recipients into jobs, evidence is mixed about whether recipients still receiving TANF will face increasing obstacles to successful moves from welfare to employment. This report describes TANF recipients' participation in work-related activities, notes caseload obstacles and their work-limiting impact, and discusses differences between states. High work-activity levels in 1997 indicate that states should have no trouble meeting total caseload participation targets in the future. However, large numbers of recipients report personal and family characteristics that could present significant challenges to work. States face widely varying challenges in moving their caseloads into work activities. (SM)

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WORK ACTIVITY AND OBSTACLES TO WORK AMONG TANF RECIPIENTS[1]

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Sheila R. Zedlewski

The dramatic shift from cash assistance to work, embodied in the 1996 replacement of the Aid to Families with Dependent Children (AFDC) program with Temporary Assistance for Needy Families (TANF), highlights the need to understand the extent to which current cash assistance recipients participate in required work-related activities—and the obstacles they may face in getting and keeping a job. The 1997 National Survey of America's Families (NSAF) provides a picture of recipient work activity and obstacles to work in the early period of TANF implementation.[2]

Those who reported two or more obstacles to work and no current work activity represent a group at high risk of remaining on welfare; they comprised 27 percent of TANF recipients.

The good news, according to NSAF data, is that a larger proportion of the TANF caseload was participating in work activities in 1997 than in the past. More than half reported either working, being in school, or actively looking for work in the four weeks prior to the survey. However, not all the news was so positive. More than 4 out of 10 recipients reported at least two significant obstacles to work, such as low education, no recent work experience, or mental or physical health problems.

The survey also provides a preliminary but suggestive look at whether, as states continue to move TANF recipients into jobs, recipients still receiving TANF are likely to face increasing obstacles to a successful move from welfare to employment. So far, the evidence is mixed. Contrary to what one might expect, states that had instituted work-focused welfare reform prior to TANF had 1997 caseloads with fewer reports of obstacles to work than did states with less or no focus on work before TANF became federal law. These same states had larger shares of recipients working regardless of reported obstacles to work. Further, the rate of caseload decline *per se* did not seem to clearly relate to caseload disadvantage at this early stage of reform.

The National Picture

The group of TANF recipients studied here consists of parents, mostly mothers, who reported being on TANF at the time of the NSAF interview.[3] Since all interviews took place between February and November 1997, the caseload profile is primarily of a pre-TANF recipient population, incorporating short-run TANF effects for a relatively small subset of recipients.[4] The sample size is 1,564 persons, representing about 2 million families nationwide who received TANF benefits in 1997.

Participation in Work-Related Activities

TANF work activity requirements will gradually become more stringent over time. In 1997, 25 percent of recipient families were required to participate in work activities. By the year 2002,

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this requirement increases to 50 percent. In addition, all nonexempt adults must participate in work activities within two years of benefit receipt. These requirements represent a major shift from AFDC/JOBS (Job Opportunities and Basic Skills Training) rules, under which a large share of the adult caseload was exempt from participation in work activities and, of the nonexempt, only 20 percent were required to participate in work activities.

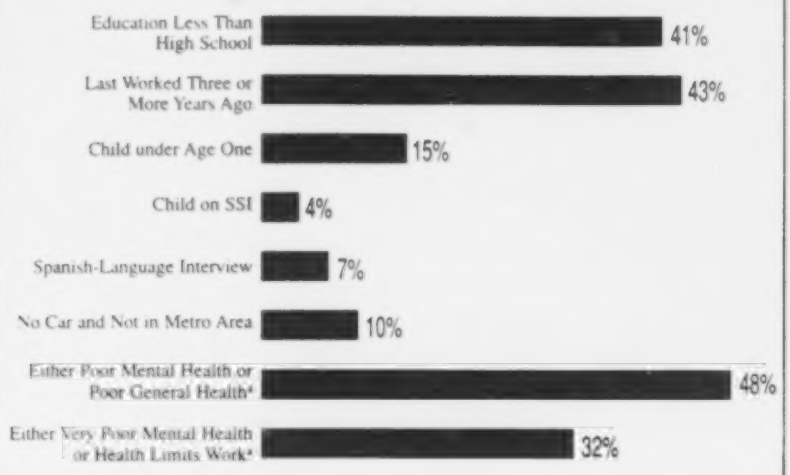
High levels of work activity are reported by NSAF respondents. In the four weeks prior to the interview, more than half of the TANF recipients reported participating in at least one of the following activities: work (21 percent), school (10 percent), or job search (24 percent). The proportion working was much higher than the 12 percent of AFDC families with earnings (as reported in program records) in 1995.[5] These rates, coupled with reductions in the required participation rates due to declining caseloads, indicate that most states will have little trouble meeting increasing post-TANF federal work activity goals for their total caseloads, at least in the short run.[6]

Caseload Obstacles and Their Work-Limiting Impact

Work-limiting obstacles revealed in other studies (figure 1) are prevalent among the population receiving TANF. Almost half either claimed to be in poor general health or scored low on a standard mental health scale.[7] More than 4 out of 10 said they had less than a high school education. A similar proportion had not worked in the last three years. Fifteen percent had a child age one or younger. Ten percent claimed to have no car and live outside a metropolitan area (a conservative measure of potential transportation problems).

Since many people who face the obstacles listed in figure 1 still work, it is important to measure the extent to which these obstacles actually limit work. Six of the obstacles listed in figure 1 had a statistically significant effect on the probability of work for the study sample: low education, no recent work experience, caring for a child under age one, caring for a disabled child (who receives Supplemental Security Income), being a non-native English speaker (as indicated by taking the Spanish version of the interview), and having either very poor mental health or other health problems.

Figure 1
Percentage of TANF Recipients Reporting Obstacles to Work, 1997



Source: Urban Institute calculations from the National Survey of America's Families, 1997.

Note: National sample of adults who are primary caretakers of children and likely to be subject to work requirements.

a. The mental health score was developed from a five-item scale that asked parents to assess their mental health along four dimensions: anxiety, depression, loss of emotional control, and psychological well-being (Ehrle and Moore 1999). Poor mental health indicates those falling in the bottom 20th percentile nationally, and very poor mental health indicates those falling in the bottom 10th percentile.

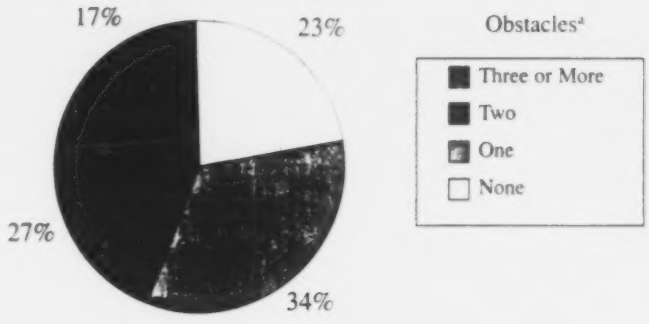
Of TANF recipients interviewed, 23 percent reported no significant obstacles to work, 44 percent reported two or more such obstacles, and 17 percent reported three or more (figure 2). As one would expect, the percentage of recipients reporting no work activity increased steadily with the number of significant obstacles (table 1). Of those with no significant obstacle to work, for example, only 14 percent reported no current work activity, and 52 percent reported working for pay. Of those with one obstacle, 60 percent reported some work activity (although looking for work is reported more than any other activity), and 22 percent report working for an employer or business. Of the most disadvantaged group—those reporting three or more obstacles—73 percent reported no work activity, and only 3 percent reported working. Those who reported two or more obstacles to work (44 percent from figure 2) and no current work activity (63 percent) represent a group at high risk of remaining on welfare; they comprised 27 percent of TANF recipients in 1997.

An Early Look at State Differences

Many observers expect that, as states move further along in welfare reform and their caseloads shrink, the remaining recipients will be increasingly disadvantaged because those with the fewest obstacles to work will have left the rolls first. Looking at the degree to which the caseloads of states that had "work first" programs before TANF are disadvantaged—compared with the caseloads of states with less work-focused pre-TANF programs—is one way to explore the likelihood of this scenario. The speed with which pre-TANF caseloads declined is another.

Table 2 lists the ANF focal states[8] in descending order of their pre-TANF focus on work. They are divided into three groups: intensive, moderate, and limited. States were classified as having intensive pre-TANF work policies if they had *statewide* rules that exceeded

Figure 2
Number of Obstacles to Work for Adults Receiving TANF



Source: Urban Institute calculations from the National Survey of America's Families, 1997.

Note: National sample of adults who are primary caretakers of children and likely to be subject to work requirements.

a. Includes obstacles found to be significant inhibitors of work activity.

AFDC rules by imposing tougher work participation standards, tougher sanctions for nonparticipation in required work activities, *and* stronger financial incentives that disregarded higher earnings shares when calculating cash benefits. States were classified as having moderate pre-TANF work policies if they had statewide policies in one or two of these areas. States classified as having limited pre-TANF work policies were basically operating under federal AFDC rules until TANF became federal law.[9]

The relative steepness of the caseload declines among the focal states is shown in column two of the table. The table reveals that the states with the most intensive pre-TANF focus are those with the most rapid caseload declines. The caseload decline pattern is more mixed for the moderate and limited work-focus states. Since lower unemployment rates signify tighter labor markets and a more hospitable employment environment, the state unemployment rate is shown in column three. States can be expected to have steeper caseload declines, other things being equal, in a tighter labor market. The states with the most intensive work policies, which are also those with the steepest caseload declines, have relatively low unemployment rates. This pattern, as with caseload decline, is more mixed for the two less intensive groups of states.

Table 1
Work Activity Status of Adults Receiving TANF

Number of Work Obstacles[a]	Current Work Activity[b] Working (%)	In School (%)	Looking for Work (%)	No Activities (%)
0	52	16	18	14
1	22	9	30	40
2	6	10	27	57
3+	3	6	18	73
Total	21	10	25	44

Source: Urban Institute calculations from the National Survey of America's Families, 1997.

Note: National sample of adults who are primary caretakers of children and likely to be subject to work requirements.

a. Includes obstacles found to be significant inhibitors of work activity.

b. Self-reported work activities.

Contrary to the expectation that caseloads will encounter more obstacles in states with a more stringent work focus, caseloads in the intensive and moderate states reported significantly fewer obstacles to work than caseloads in the limited work-focus group (table 3). More than half the caseload in the limited group reported multiple obstacles to work, compared with one-third for the intensive work-focus group. A significantly larger share of the caseload reported no obstacles to work in the intensive states (32 percent) than in the limited ones (16 percent).

These findings could signify that states with early work-focused policies began with less disadvantaged caseloads. However, they could also reflect more successful strategies used by those states to move mothers with obstacles either into work or into other programs serving the disabled. The extent to which each of these factors was at work can only be explored with data that follow the indicators over time. Regardless of the reasons, the data indicate that states operating traditional AFDC before TANF may be doubly challenged—starting with a more disadvantaged caseload and with welfare policies and practices that are further behind other states whose reform efforts already partially fit TANF requirements.

The pattern of obstacles to work in the context of work activity participation is somewhat different (table 4). As expected, the participation rate of recipients in work activities is higher for the intensive work-focus states (70 percent, compared with 56 percent and 49 percent for the other two groups of states). But the intensive states also have higher proportions of recipients reporting obstacles to work who are actually in work activities than do the other two groups of states. These results are consistent with pre-TANF policies that exempted relatively few recipients from work activities and focused resources on moving even the hard-to-serve into work activities. Nevertheless, differences in work activity rates across states

Table 2
State Caseload Declines by Stringency of Pre-TANF Work Policies

State	Relative Caseload Decline: March 1994–March 1997[a]	1997 Unemployment Rate (%)
Intensive Policies[b]		
Michigan	High	4.1
Wisconsin	High	3.7
Moderate Policies		
Massachusetts	Medium	4.0
New Jersey	Low	5.1
Texas	Medium	5.4
California	Low	6.3
Limited Policies		
Alabama	Medium	5.1
Florida	Medium	4.8
Mississippi	Medium	5.7
Colorado	Medium	3.3
Minnesota	Low	3.3
New York	Low	6.4
Washington	Low	4.8

Source: The Urban Institute.

a. States in the high caseload-decline group had caseload reductions of 32 to 45 percent, states in the medium category had caseload reductions of 23 to 29 percent, and states in the low caseload-decline category had declines of 15 percent or less.

b. States listed with intensive work policies had implemented new sanctions, work incentives, and work participation requirements statewide prior to TANF; moderate-policy states had implemented one or two of these policies statewide; and states in the limited category were either using AFDC rules statewide or were experimenting with stronger work policies in a few counties.

tradict this interpretation. More likely, caseload decline results from a complex set of factors, including states' economies and the starting point of the caseload. These factors can only be explored with more complex analyses and data that follow trends over time.

Implications of These Preliminary Findings

The high work-activity levels reported by recipients receiving TANF benefits in 1997 indicate that generally states should have no trouble meeting total caseload participation targets over the next couple of years. But a large share of recipients report personal and family characteristics that could present significant challenges to work. If those at greatest risk of remaining on welfare are defined as recipients with multiple obstacles and no current work activity (even job search), 27 percent of current TANF recipients are at risk. If job search is not considered a work activity, the at-risk group increases to 38 percent.

It will be extremely important to continue tracking the characteristics of the TANF caseload generally and across states as TANF evolves over time. Since states' block grants are based on their highest welfare spending over the 1994–96 period, and caseloads have declined rapidly since 1996, most states currently have the resources to serve a population with more complex needs. However, if states find themselves spending their grants to support work for

reinforce concern that some states face greater challenges than others in moving increasingly larger shares of their caseloads into work activities.

Does rapid caseload decline itself lead to a more disadvantaged caseload? Again, the data allow no definitive answer but yield some suggestive evidence (table 5). Since the two states with the steepest caseload declines are also the two states with the most intensive pre-TANF work policies, the results mirror those reported earlier: Recipients in the highest caseload-decline group report fewer obstacles to work activity than in the other two groups of states. With respect to the medium-decline/low-decline comparison, however, the picture changes. The medium-decline states report significantly more recipients with multiple obstacles to work than their counterparts in the low-decline states (53 percent in the medium-decline group reporting two or more obstacles, compared with 44 percent in the low-decline group).

Table 3
Percentage of Focal States' Caseloads with Obstacles to Work

Number of Work Obstacles[a]	Stringency of State Pre-TANF Work Policies[b]: Intensive (%)	Moderate (%)	Limited (%)
0	32*	25*	16
1	36	32	31
2+	32*	43*	53
Total	100	100	100

Source: Urban Institute calculations from the National Survey of America's Families, 1997.

Note: Includes only adults receiving TANF in the 13 focal states who are primary caretakers of children and likely to be subject to work requirements.

a. Includes obstacles found to be significant inhibitors of work activity.

b. States grouped by their pre-TANF work policies, indicating the strength of policies designed to move recipients into work activity relative to federal AFDC policy.

* Includes significant difference from limited-policy states.

This finding is difficult to interpret. Results for the medium caseload-decline group provide evidence that falling caseloads leave behind a harder-to-serve group on TANF, but results for the highest caseload-decline states con-

Table 4
Percentage of Focal States' Caseloads in Work Activities

Number of Work Obstacles[a]	Stringency of Pre-TANF Work Policies[b] Intensive (%)	Moderate (%)	Limited (%)
0	86	87	87
1	79*	55	60
2+	44*	38	31
Total	70*	56	49

Source: Urban Institute calculations from the National Survey of America's Families, 1997.

Note: Includes only adults receiving TANF in the 13 focal states who are primary caretakers of children and likely to be subject to work requirements.

a. Includes obstacles found to be significant inhibitors of work activity.

b. States grouped by their pre-TANF work policies, indicating the strength of policies designed to move recipients into work activity relative to federal AFDC policy.

* Indicates significant difference from limited-policy states.

Table 5
Percentage of Focal States' Caseloads with Obstacles to Work

Number of Work Obstacles[a]	Relative Caseload Decline[b] High (%)	Medium (%)	Low (%)
0	32	14*	25
1	36*	33	31
2+	33*	53*	44
Total	100	100	100

Source: Urban Institute calculations from the National Survey of America's Families, 1997.

Note: Includes only adults receiving TANF in the 13 focal states who are primary caretakers of children and likely to be subject to work requirements.

a. Includes obstacles found to be significant inhibitors of work activity.

b. Categorized by relative caseload decline from the peak in March 1994 through February 1997 (the beginning of the NSAF interviews).

* Indicates significant difference from limited-policy states.

former TANF recipients, or if an economic downturn causes caseloads to grow again, competition for resources to serve recipients with greater service needs could become significant.

A more complete understanding of the variations in caseload characteristics across states must await a second round of data reflecting a period when states have adapted more fully to the requirements and opportunities presented by federal welfare reform legislation. However, it is already clear that states face widely varying challenges in moving their caseloads into work activities.

Notes

1. This brief is drawn from results in Zedlewski, S., "Work-Related Activities and Limitations of Current Welfare Recipients," *Assessing the New Federalism* Discussion Paper No. 99-06, Washington, D.C., The Urban Institute, 1999.

2. The first wave of the NSAF collected economic, health, and social information on 44,000 households between February and November 1997. The survey oversamples households with income under 200 percent of poverty and households in each of 13 targeted states. The NSAF provides information on a nationally representative sample of the civilian, noninstitutionalized population under age 65 and their families. A second wave of this survey is being fielded in 1999. For more information and the survey methods and data reliability, see Kenney et al. (1999).

3. The respondent to the NSAF survey, the adult most knowledgeable about the children, is the designated primary caretaker of the children. The sample analyzed here excludes nonparental adults and adult SSI recipients because, as members of "child only" units, they are not subject to the work requirements or included in states' work participation targets. Nine percent of adults reporting current receipt of TANF benefits said they were married and another 5 percent reported living with partners. In these cases, only the respondent is included. Some spouses and the vast majority of partners would not be in the assistance unit in any case.

4. States were required to submit a TANF plan to the federal government by July 1, 1997. While many submitted plans in the fall of 1996, they continued to debate their TANF plans during their 1997 legislative sessions and implemented new rules later in the year.

5. The 1995 data are from Zedlewski and Giannarelli (1997). The validity of the NSAF results on work is supported by state data showing that 18 percent of the adults receiving assistance in July through September 1997 were employed (U.S. Department of Health and Human Services 1998).

6. States have two work participation targets—one for two-parent families and one for all families. The two-parent rate is much higher than that for all families (90 percent vs. 35 percent, respectively, in 1999). Some states *have* had difficulty meeting the two-parent work requirement.

7. This combined physical and mental health measure avoids double-counting the work-limiting effect of multiple health obstacles for one individual.

8. The *Assessing the New Federalism* (ANF) project selected 13 states for intensive study (Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin).

9. Many states had demonstrations under way affecting caseloads in particular counties. These are not included in the characterization used here because they could only have affected small parts of a state's caseload. (See Zedlewski, Holcomb, and Duke 1998 for a discussion of these states' pre-TANF policies.)

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This series presents findings from the National Survey of America's Families (NSAF). First administered in 1997, the NSAF is a survey of 44,461 households with and without telephones that are representative of the nation as a whole and of 13 selected states (Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin). As in all surveys, the data are subject to sampling variability and other sources of error. Additional information about the survey is available at the Urban Institute Web site: **http://www.urban.org**.

The NSAF is part of *Assessing the New Federalism*, a multiyear project to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, the project studies child and family well-being.

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National Survey of America's Families

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